

**Summary Minutes
Sound Transit Board Meeting
March 22, 2001**

Call to Order

Chair Dave Earling called the meeting to order at 2:45 p.m. in the Union Station Board Room, 401 S. Jackson, Seattle, Washington.

Roll Call

Chair

(P) Dave Earling, City of Edmonds Council President

Vice Chairs

(P) David Enslow, City of Sumner Councilmember

(P) Greg Nickels, King County Councilmember

Board Members

(P) Jack Crawford, City of Kenmore Deputy Mayor

(A) Bob Drewel, Snohomish County Executive

(A) Jane Hague, King County Councilmember

(P) John Ladenburg, Pierce County Executive

(P) Rob McKenna, King County Councilmember

(P) Kevin Phelps, City of Tacoma Deputy Mayor

(A) Ron Sims, King County Executive

(A) Jim White, City of Kent Mayor

(A) Ann Davis, City of Lakewood Councilmember

(P) Mary Gates, City of Federal Way Councilmember

(P) Ed Hansen, City of Everett Mayor

(A) Richard McIver, City of Seattle Councilmember

(P) Sid Morrison, WSDOT Secretary

(P) Paul Schell, City of Seattle Mayor

(P) Cynthia Sullivan, King County Executive

Mr. Matt Stoutenburg, Board Coordinator, indicated a quorum of the Board was present at roll call.

The following Board member arrived after roll call:

Ron Sims, King County Executive

Announcement

Mr. Earling stated that at the Board's last meeting, there were difficulties with the public address system. It was discovered that having a cell phone too close to the microphones can cause this interference.

Public Comment

The following individuals presented comments to the Board. Comments are on file with the Board Administrator.

Mr. Philip Grega

Mr. Alan Deright

Mr. Art Lewellyn

Mr. David Ward

(Board member Sims arrived at this time.)

Report of the Chair

Mr. Earling, stated that there was a revision to the agenda that was distributed earlier this week. Motion No. M2001-24 was shown as being reported out of the Finance Committee. He indicated that the motion was not referred by committee, and is coming directly to the Board.

Mr. Earling stated that he and Ms. Joni Earl had the opportunity to travel with the Seattle Chamber of Commerce, along with Mr. Rob McKenna, to Washington, D.C. last week to meet with members of the delegation. He further stated that he thought it was important for the Board to know that each member of the delegation they met with wanted this project to move forward. There is unified leadership and there is broad based support from them and they want it to succeed.

Mr. Earling said that at the last Board meeting, members of the Board received a report from the Citizens Oversight Panel (COP). The Board indicated that it would respond to any of the COP issues raised within 30 days. Mr. Earling added that he had read the first draft of this response, and there would be a report next week.

Mr. Earling indicated that he would not be able to attend the next Board meeting and that he wanted to take a minute and thank Mr. Morrison because that will be his last meeting. He thanked Mr. Morrison for his leadership and for his wise and guiding hand at Sound Transit Board meetings. He expressed his appreciation for all of the good work he has done.

Mr. Morrison expressed his appreciation and thanks.

Executive Director Report

Ms. Joni Earl, Acting Executive Director, stated that next Thursday she will be back in front of the House Transportation Appropriation Committee. She indicated that she will be the only witness and that Senator Rogers is chairing the committee. Ms. Earl added that she will do her best to represent Sound Transit and answer all questions honestly.

Ms. Earl reported that the second meeting of the Project Review Committee (PRC), which is chaired by former Seattle Mayor Charles Royer, is next Wednesday, March 28, 2001. The PRC is staffed by Mr. Howell and Mr. Lund and is still evolving on the membership and how it will be communicating with the neighborhoods.

Ms. Earl also reported that the motion the Board approved for the PRC included five Board members. These Board members have decided to be ex-officio members, and not serve formally. Ms. Earl added that she hopes to have an amended motion back to the Board at its next Board meeting.

Discussion Items

Utility Relocation Costs

Mr. Earling indicated that Mr. Kirk Nelson from Qwest, and Ms. Nina Odell from Puget Sound Energy were at today's meeting to discuss the utility relocation costs issue along with Mr. Paul Matsuoka, Deputy Executive Director.

Mr. Nelson stated that he wanted to discuss a policy issue that is extremely important to the customers of Qwest. The issue is the relocation costs associated with the construction of Sound Transit facilities and current expectations that Qwest customers will cover those costs.

Mr. Nelson added that this type of project will require such costs that will ultimately be paid by Qwest consumers and likely disproportionately hurt those least able to pay. Mr. Nelson said the issue is who should pay for these added costs. The voters in these three counties voted to tax themselves and significant relocation costs are part of that project. These were known and anticipated costs.

Mr. Nelson stated that he would like the Board to reconsider the current policy, which is to shift those costs to our customers.

Ms. Nina Odell, Puget Sound Energy (PSE) stated that they maintain a policy that construction costs are legitimate and Sound Transit should reimburse for utility reallocation expenses. To avoid lengthy and expensive court proceedings in their best interest, PSE has agreed to a contract that is before the Board today.

Ms. Odell further stated that the request today to approve the contract without further delay to utilities and Sound Transit can begin design and construction instead of spending money on consulting and legal fees.

Mr. Matsuoka stated that one of the main points he wanted to make is that the allegation that the public wouldn't pay is simply not true. Also, the allegation that private utilities would pay everything is not true. The basic message to the legislature is please don't pass this legislation--let the negotiations work. There has been good work and Sound Transit has an agreement with PSE as proof of that.

Discussion continued with Board member questioning of both Mr. Nelson and Ms. Odell.

Action Items

Finance Committee

Motion No. M2001-22 - Authorizing the Executive Director to execute a lease-to-service contract for up to \$77 million in Sounder Commuter Rail cars and locomotives

It was moved by Mr. Nickels and seconded by Mr. Sims that Motion No. M2001-22 be approved as presented.

Mr. Nickels indicated that Mr. McCartan is available to answer any questions to this motion and that this is a good news transaction.

Mr. Nickels further stated that under this motion, Sound Transit would lease up to 26 Bombardier bi-level commuter rail passengers cars and six EMD F59PHI locomotives to a Delaware based trust. First Hawaiian Leasing Corporation, acting through the Trust investor, would enjoy the depreciation tax benefits on the rolling stock. The Trust would lease the cars back to Sound Transit. Sound Transit would receive an up-front dollar benefit of approximately \$3.5 to \$5 million for undertaking the transaction. Sound Transit would retain title and control over the vehicles. Under the contract Sound Transit would be required to maintain insurance on the cars and keep them in good working order, and would be under some limitations regarding other sales and leasing of the cars.

Mr. Morrison indicated that the Department of Transportation has effectively used the same process.

Mr. Sims indicated that King County has used the same process as well.

The motion to approve Motion No. M2001-22 was carried by the unanimous vote of all Board members present.

Items Not Referred by Committee

Motion No. M2001-24 - Authorizing the Executive Director to execute an agreement with Puget Sound Energy for reimbursement for work completed for natural gas utility line relocation costs associated with the Link Light Rail project. The requested amount includes the estimated cost share to Sound Transit of \$1,375,000 plus a contingency of \$375,000 for a total authorized amount not to exceed \$1,750,000.

It was moved by Mr. Sims and seconded by Mr. Phelps that Motion No. M2001-24 be approved as presented.

Mr. Ladenburg asked whether this included public and private utilities.

Mr. Eric Mendelsohn, Legal Counsel, responded by saying that this is only public utilities. The private interests are governed by the Uniform Relocation Act.

Mr. Ladenburg asked whether Sound Transit will pay for the private relocations, in addition to this.

Mr. James Weber, Sr. Civil Engineer, responded by saying that the preponderance of the utilities are in the public right-of-way.

Mr. Ladenburg asked if the the motion indicates costs will be shared for \$1.375 million and what the exact total cost of relocation in the public right-of-way will be.

Mr. Weber responded that it is \$2.5 million.

Mr. Ladenburg asked why Sound Transit is being asked to pay half of their costs. What is the contingency on both sides? Is it an equal amount?

Mr. Weber responded that there is a risk sharing formula included if the costs increase. They follow the same formula.

Mr. Ladenburg asked if this is roughly 50/50.

Mr. Weber, responded yes. Before we start we will confirm the costs and give us a probability of hitting the target.

Mr. Ladenburg asked if the the relocations will be done by the utilities.

Mr. Weber responded that they will do the work themselves.

Mr. Ladenburg asked if Sound Transit will have the ability to audit them to be sure we are not paying excessive costs.

Mr. Weber responded that there is a provision for records on both sides to be made available to each other.

Mr. Ladenburg stated that it was his understanding that the recommendation to do this is to avoid litigation to hold up projects as opposed to the concept that Sound Transit could win it and they would pay all of it themselves.

Mr. Mendelsohn responded that litigation is one component, but there is a benefit to working in partnership when both engineering teams approach relocations. Costs drop dramatically when there is cooperation.

Mr. Ladenburg advised that as a public policy matter it is a bad idea to pay for relocations in public rights-of-way.

Mr. Matsuoka stated that there are many variables that go into the issue of how to negotiate. Each circumstance poses a different set of challenges. The fact that Sound Transit has the agreement and it is the first one, doesn't set a precedent. This is based on PSE gas facilities for Link only. It has nothing to do with future negotiations for other utilities or any other utility companies. It is very limited. In other cases there will be other factors.

Mr. Ladenburg stated that he was glad that Sound Transit will treat them individually, and not adopt a 50/50 policy. That appears to be on the high end.

Mr. McKenna stated that he thinks it is important to treat them individually. There are two specifics:

1) the policy issue of whether private utilities should be reimbursed or pay when in public right-of-way. The original justifications for allowing them to locate there was to save the public money. Relocation costs are passed through to the ratepayers or the shareholders.

2) this became an issue because Sound Transit planned to treat public utilities differently than investor owned utilities. Sound Transit was going to cover costs for Seattle City Light and Tacoma, but not PSE or Qwest. That disparity where ratepayers of Seattle City Light would be covered but ratepayers for PSE would, was the spark that ignited this controversy.

Mr. McKenna further stated that he would like to commend staff for their work and diligence to minimize and greatly reduce the cost for gas relocation work.

The motion to approve Motion No. M2001-24 was carried by the unanimous vote of all Board members present.

Mr. Earling thanked Puget Sound Energy for negotiating in good faith.

Update on Sound Transit's Owner-Controlled Insurance Program (OCIP)

Mr. Dale Wydman, Risk Manager gave an update on the Risk Management program and OCIP.

Bellevue Direct Access Project

Ms. Agnes Govern gave an update on several key milestones achieved on the project and to provide an overview of four important Board actions before the Board and its committees in the next month.

Executive Session

Mr. Earling stated that because of the time factor, the executive session will be held by the Executive Committee at its meeting in two weeks.

Committee Reports

Finance Committee

Mr. Nickels reported that the Finance Committee adopted the following:

- Motion No. M2001-18 which authorizes the Executive Director to enter into a contract for preliminary design for the Lakewood Transit Center;
- Motion No. M2001-19 which authorizes a contract providing preliminary design of the Everett commuter rail station; and
- Motion No. M2001-20 which authorizes the Executive Director to enter into an agreement with DOT with regard to I-5 and S. 317th direct access ramps in Federal Way.

Mr. Nickels also reported that the Committee held a workshop that was the first of the new audit and reporting subcommittee. Members of the Finance Committee and Mr. Shockey of the Citizen Oversight Panel heard from staff and various audit entities about the audit process and products of some of those audits. The subcommittee will be following that up with another meeting in April and in the future will meet quarterly, looking at audits and making the audit function more effective and useful in restoring confidence in the project.

Executive Committee

No report.

C-Link Task Force

No report.

Government Affairs Task Force

No report.

Transit-Oriented Development Subcommittee

No report.

Board Governance Task Force

Ms. Gates reported that the first meeting will be held April 4 at 2:30 p.m. in this room. The Task Force will be looking at how the Board is organized to ensure policy making is on the cutting edge


and look at effective ways to maximize Board member and staff's time. This could be a lengthy meeting but it will be on point.

Next Meeting

Thursday, April 12, 2001 - 2:30 to 4:30 p.m.
Edmonds Public Library
650 Main Street
Edmonds, Washington

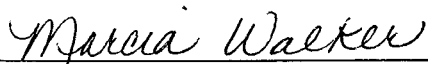
Adjourn

The meeting was adjourned at 4:35 p.m.



Dave Earling
Board Chair

ATTEST:



Marcia Walker
Board Administrator